



Peterson  
Allred  
Jackson

**CITY OF HYDE PARK**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2005**

▪ Certified Public Accountants  
Business Consultants  
2100 North Main • North Logan, Utah 84341

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## **INTRODUCTORY SECTION**

# *Hyde Park City*

113 East Hyde Park Lane, P.O. Box 489  
Hyde Park, Utah 84318  
563-6507

August 16, 2005

Hyde Park City Council  
Hyde Park, Utah

Council:

It is with great pleasure that the financial statements for the City of Hyde Park for the year ended June 30, 2005, is presented.

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. These financial statements are hereby issued and submitted to you for the fiscal year ended June 30, 2005, in accordance with these requirements.

This report consists of management's representations concerning the finances of the City of Hyde Park. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Hyde Park's financial statements have been audited by Peterson Allred Jackson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hyde Park for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hyde Park's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The financial reporting entity (the City) includes all funds of the primary government (i.e., the City of Hyde Park as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The Municipal Building Authority Component Unit is reported as an enterprise fund.

I wish to express my appreciation to all members of the City who assisted and contributed to the preparation of this report.

Respectfully submitted,

Mayor David N. Kooyman  
City of Hyde Park

**FINANCIAL SECTION**

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Peterson  
Allred  
Jackson

■ Certified Public Accountants  
Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Hyde Park  
Hyde Park, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hyde Park, Utah (the City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 16, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results for our audit.



Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The combining nonmajor fund statements listed in the table of contents are presented for purposes of additional analysis of the financial statements of the City. Such information has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Management's Discussion and Analysis on pages 10-14, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Peterson Alfred Jackson*

August 16, 2005



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hyde Park, we offer readers of the City of Hyde Park's financial statements this narrative overview and analysis of the financial activities of the City of Hyde Park for the fiscal year ended June 30, 2005.

### FINANCIAL HIGHLIGHTS

- The total net assets of the City of Hyde Park increased 6% to \$6,354,239.
- The total net assets of \$6,354,230 is made up of \$3,262,415 in capital assets net of related debt and \$3,091,824 in other net assets.
- Total long-term liabilities of the City was reduced \$196,000.
- Business-type activities total net assets increased \$180,657.
- Governmental activities total net assets increased \$180,547.

### REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the City of Hyde Park's basic financials statements. The City of Hyde Park's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the City of Hyde Park's finances, in a manner similar to a private-sector business.

- The statements of net assets presents information on all of the City of Hyde Park's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Hyde Park is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- The statement of activities presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City of Hyde Park that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 16 & 17 of this report.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hyde Park also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds, and proprietary funds.

- **Governmental funds** - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental fund (as determined by generally accepted accounting principles) is the General Fund. The balance of the governmental funds are determined to be nonmajor and are included in the combining statements within this report.

- **Proprietary funds** - The City of Hyde Park maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Hyde Park uses enterprise funds to account for its Water Utility, Wastewater Collection Utility, and Municipal Building Authority.

As determined by generally accepted accounting principles, all enterprise funds meet the criteria of major fund classification.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Hyde Park, assets exceed liabilities by \$6,354,239.

By far the largest portion of the City of Hyde Park's net assets (51%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# STATEMENT OF NET ASSETS

	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Current and other assets	\$ 842,302	\$ 638,277	\$ 2,524,689	\$2,397,812
Capital assets	1,206,429	1,208,333	5,186,486	5,323,576
Total assets	2,048,931	1,846,610	7,711,175	7,721,388
Long-term debt outstanding	-	-	3,130,500	3,326,500
Other liabilities	228,090	206,316	47,277	42,147
Total liabilities	228,090	206,316	3,177,777	3,368,647
Net assets:				
Invested in capital assets, net of debt	1,206,429	1,208,333	2,055,986	1,997,076
Restricted	500,959	372,142	1,170,398	1,026,552
Unrestricted	113,453	59,819	1,307,014	1,329,113
Total net assets	\$ 1,820,841	\$ 1,640,294	\$ 4,533,398	\$4,352,741

## CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Revenues:				
Program revenues:				
Charges for services	\$ 648,726	\$ 568,569	\$ 737,269	\$ 767,507
Operating grants & contributions	6,680	5,740	-	-
Capital grants & contributions	106,518	136,958	-	-
General revenues:				
Property taxes	140,692	135,004	-	-
Other taxes	352,130	296,084	-	-
Investment income	12,041	6,435	51,676	29,406
Other revenues	8,541	5,272	73,260	73,260
Total revenues	1,275,328	1,154,062	862,205	870,173
Expenses:				
General government	384,328	360,103	-	-
Public safety	218,573	200,471	-	-
Highways/public improvements	472,904	449,461	-	-
Parks & recreation	40,407	36,182	-	-
Intergovernmental	22,569	15,019	-	-
Water	-	-	349,837	266,261
Wastewater collection	-	-	242,705	239,539
Municipal building authority	-	-	45,006	65,980
Total expenses	1,138,781	1,061,236	637,548	571,780
Increase in net assets before transfers	136,547	92,826	224,657	298,393
Transfers	44,000	-	(44,000)	-
Increase in net assets	180,547	92,826	180,657	298,393
Net assets beginning of year	1,640,294	1,547,468	4,352,741	4,054,348
Net assets end of year	\$ 1,820,841	\$ 1,640,294	\$ 4,533,398	\$4,352,741

## **FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of the June 30, 2005, the City's governmental funds (General and Capital Projects) reported combined fund balances of \$614,412. This represents an increase of \$182,451 (42%) over last year's ending balances.

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 39% of total general fund revenues. The largest element of taxes is sales taxes as it has been for the last several years. It represents 70% of total tax revenues and represents 27% of total general fund revenues. This compares with 25% in the prior fiscal year ended June 30, 2004.

As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provides the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

Significant changes in business-type activities include a \$196,000 decrease in debt due to regular principal payments.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year the General Fund original budget was amended from an original budget expenditure total of \$1,257,570 to a final budget of \$1,263,481 (.4%). These increases were made to take advantage of revenues and expense being higher than originally anticipated for streets and police services.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets- The City of Hyde Park's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$6,392,915 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, etc.), and machinery and equipment. The total decrease in the City's investment in fixed assets for the current year was 2% (due to depreciation expense exceeding new purchases).

Major capital asset events during the current fiscal year included the following:

- \$52,500 for the purchase of property.
- \$26,988 for construction of roads.

- \$65,743 for construction of a new maintenance facility.
- \$80,725 for park improvements and playground equipment.

#### CITY OF HYDE PARK'S CAPITAL ASSETS

	Governmental Activities	Business-type Activities
Land	\$ 306,318	\$ 39,010
Buildings	291,201	660,494
Improvements	336,819	6,350,122
Infrastructure	2,306,122	—
Machinery & equipment	175,440	152,463
Less: Accumulated depreciation	<u>(2,209,471)</u>	<u>(2,015,603)</u>
Total	<u>\$ 1,206,429</u>	<u>\$ 5,186,486</u>

Additional information on the City's capital assets can be found in the footnotes to this financial report.

Long-term debt - At June 30, 2005, the City had total bonded debt outstanding of \$3,130,500. Of this amount \$789,000 is considered to be general obligation debt and backed by the full faith and credit of the City; and the remainder of \$2,341,500 is debt which is secured solely by specific revenue sources (i.e., revenue bonds).

#### CITY OF HYDE PARK'S OUTSTANDING DEBT

	Business-type Activities
General obligation bonds- sewer	\$ 789,000
Revenue bonds	<u>2,341,500</u>
Total outstanding debt	<u>\$ 3,130,500</u>

The City's total debt decreased by \$196,000 during the fiscal year.

Additional information on the outstanding debt obligations of the City can be found in the footnotes to this report.

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**CITY OF HYDE PARK**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

**With Comparative Totals for June 30, 2004**

ASSETS	Governmental Activities	Business-type Activities	Memorandum Total 2005	Memorandum Total 2004
Cash	\$ 144,313	\$ 1,265,087	\$ 1,409,400	\$ 1,363,866
Account receivable	39,285	66,167	105,452	101,099
Taxes receivable	146,686	-	146,686	136,653
Restricted taxes receivable	21,382	-	21,382	34,146
Other assets	-	150	150	150
Bond discounts	-	39,170	39,170	42,731
Restricted cash	490,836	1,154,115	1,644,951	1,357,444
Capital assets				
Land	306,318	39,010	345,328	292,828
Buildings	291,201	660,494	951,695	885,952
Improvements	336,819	6,350,122	6,686,941	6,606,216
Infrastructure	2,306,122	-	2,306,122	2,279,134
Machinery & equipment	175,440	152,463	327,903	321,903
Less: accumulated depreciation	(2,209,471)	(2,015,603)	(4,225,074)	(3,854,124)
Total assets	<u>2,048,931</u>	<u>7,711,175</u>	<u>9,760,106</u>	<u>9,567,998</u>
 LIABILITIES				
Accounts payable	51,671	28,516	80,187	54,595
Accrued liabilities	36,419	6,716	43,135	51,531
Interest payable	-	12,045	12,045	12,337
Bonds payable:				
Due within one year	-	201,000	201,000	196,000
Due in more than one year	-	2,929,500	2,929,500	3,130,500
Deferred revenue	140,000	-	140,000	130,000
Total liabilities	<u>228,090</u>	<u>3,177,777</u>	<u>3,405,867</u>	<u>3,574,963</u>
 NET ASSETS				
Invested in capital assets, net of related debt	1,206,429	2,055,986	3,262,415	3,205,409
Restricted for:				
Debt service	-	452,615	452,615	439,664
Roads and improvements	500,959	717,783	1,218,742	959,030
Unrestricted	113,453	1,307,014	1,420,467	1,388,932
Total net assets	<u>\$ 1,820,841</u>	<u>\$ 4,533,398</u>	<u>\$ 6,354,239</u>	<u>\$ 5,993,035</u>

The notes to the financial statements are an integral part of this statement.



**CITY OF HYDE PARK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**With Comparative Totals for the Year Ended June 30, 2004**

	Program Revenues				Net Governmental Activities	Business-type Activities	Memorandum	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions			Total 2005	Total 2004
<b>Governmental activities:</b>								
General government	\$ 384,328	\$ 179,820	\$ -	\$ -	\$ (204,508)	\$ -	\$ (204,508)	\$ (257,738)
Public Safety	218,573	22,411	6,680	-	(189,482)	-	(189,482)	(174,320)
Highways & public improvements	472,904	227,056	-	103,209	(142,639)	-	(142,639)	(101,273)
Parks, recreation & public property	40,407	148,224	-	3,309	111,126	-	111,126	121,071
Intergovernmental	22,569	71,215	-	-	48,646	-	48,646	62,291
Total governmental activities	1,138,781	648,726	6,680	106,518	(376,857)	-	(376,857)	(349,969)
<b>Business-type activities:</b>								
Water	349,837	411,826	-	-	-	61,989	61,989	165,818
Wastewater collection	242,705	325,443	-	-	-	82,738	82,738	95,889
Municipal bldg authority	45,006	-	-	-	-	(45,006)	(45,006)	(65,980)
Total business-type activities	637,548	737,269	-	-	-	99,721	99,721	195,727
<b>General Revenues:</b>								
Taxes:								
Property taxes levied for general purposes					140,692	-	140,692	135,004
Franchise taxes					6,057	-	6,057	6,217
General sales taxes & highway sales taxes					346,073	-	346,073	289,867
Business licenses					4,521	-	4,521	3,496
Investment income					12,041	51,676	63,717	35,841
Rents & concessions					-	73,260	73,260	73,260
Miscellaneous					4,020	-	4,020	1,776
Transfers					44,000	(44,000)	-	-
Total general revenues & transfers					557,404	80,936	638,340	545,461
Change in net assets					180,547	180,657	361,204	391,219
Net assets - beginning					1,640,294	4,352,741	5,993,035	5,601,816
Net assets - ending					\$ 1,820,841	\$ 4,533,398	\$ 6,354,239	\$ 5,993,035

The notes to the financial statements are an integral part of this statement.

**CITY OF HYDE PARK  
GOVERNMENTAL FUNDS TYPE  
BALANCE SHEET  
JUNE 30, 2005  
With Comparative Totals for June 30, 2004**

	General	Other Governmental Funds	Memorandum Total 2005	Memorandum Total 2004
<b>ASSETS</b>				
Cash	\$ 144,313	\$ -	\$ 144,313	\$ 77,973
Accounts receivable	39,285	-	39,285	40,250
Taxes receivable	146,686	-	146,686	136,653
Restricted assets:				
Cash	453,913	36,923	490,836	349,255
Taxes receivable	21,382	-	21,382	34,146
<b>Total assets</b>	<b>\$ 805,579</b>	<b>\$ 36,923</b>	<b>\$ 842,502</b>	<b>\$ 638,277</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 51,671	\$ -	\$ 51,671	\$ 31,555
Accrued liabilities	36,419	-	36,419	44,761
Deferred revenue	140,000	-	140,000	130,000
<b>Total liabilities</b>	<b>228,090</b>	<b>-</b>	<b>228,090</b>	<b>206,316</b>
<b>Fund Balance:</b>				
Reserved for roads	21,382	-	21,382	34,146
Reserved for sidewalk trust	-	-	-	-
Reserved for Capital projects fund	-	36,923	36,923	520
Reserved for impact fees	313,714	-	313,714	277,836
Reserved for parks	128,940	-	128,940	59,640
Unreserved - undesignated	113,453	-	113,453	59,819
<b>Total fund balance</b>	<b>577,489</b>	<b>36,923</b>	<b>614,412</b>	<b>431,961</b>
<b>Total liabilities and fund balance</b>	<b>\$ 805,579</b>	<b>\$ 36,923</b>		

Amounts reported for governmental activities in the statement of net assets are different because:  
Capital assets used in governmental activities are not financial resources and, therefore,  
are not reported in the funds.

	1,206,429	1,208,333
<b>Net assets reconciled to the Statement of Activities</b>	<b>\$ 1,820,841</b>	<b>\$ 1,640,294</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF HYDE PARK**  
**GOVERNMENTAL FUNDS TYPE**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2005**  
**With Comparative Totals for the Year Ended June 30, 2004**

	General	Other Governmental Funds	Memorandum Total 2005	Memorandum Total 2004
<b>Revenues:</b>				
Taxes & special assessments	\$ 492,822	\$ -	\$ 492,822	\$ 431,088
Licenses and permits	144,088	-	144,088	102,684
Intergovernmental	113,198	-	113,198	142,698
Charges for services	368,644	-	368,644	332,431
Fines & forfeitures	71,215	-	71,215	77,310
Investment income	11,632	409	12,041	6,435
Miscellaneous	73,320	-	73,320	61,416
<b>Total revenues</b>	<b>1,274,919</b>	<b>409</b>	<b>1,275,328</b>	<b>1,154,062</b>
<b>Expenditures:</b>				
Current:				
General government	378,688	65,139	443,827	460,742
Public safety	218,573	-	218,573	200,471
Highways & public improvements	354,024	-	354,024	378,784
Parks, recreation & public property	73,017	24,867	97,884	43,078
Intergovernmental	22,569	-	22,569	15,019
<b>Total expenditures</b>	<b>1,046,871</b>	<b>90,006</b>	<b>1,136,877</b>	<b>1,098,094</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>228,048</b>	<b>(89,597)</b>	<b>138,451</b>	<b>55,968</b>
<b>Other financing sources (uses):</b>				
Transfers in/out	(82,000)	126,000	44,000	-
<b>Total other financing sources</b>	<b>(82,000)</b>	<b>126,000</b>	<b>44,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>146,048</b>	<b>36,403</b>	<b>182,451</b>	<b>55,968</b>
<b>Fund balances, beginning of year</b>	<b>431,441</b>	<b>520</b>	<b>431,961</b>	<b>375,993</b>
<b>Fund balances, end of year</b>	<b>\$ 577,489</b>	<b>\$ 36,923</b>	<b>\$ 614,412</b>	<b>\$ 431,961</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF HYDE PARK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2005**  
**With Comparative Totals for June 30, 2004**

	<u>2005</u>	<u>2004</u>
Net change in fund balances - total governmental funds	\$ 182,451	\$ 55,968
<p>Amounts reported for governmental activities in the statement of activities differs the statement of activities differs from the amounts reported in the statement of revenues, expenditures, and changes in fund balance because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
	<u>(1,904)</u>	<u>36,858</u>
Change in net assets of governmental activities	<u>\$ 180,547</u>	<u>\$ 92,826</u>

**CITY OF HYDE PARK  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2005**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Taxes:				
General property taxes	\$ 135,733	\$ 135,733	\$ 140,692	\$ 4,959
General sales & use taxes	290,000	290,000	346,073	56,073
Franchise taxes	6,000	6,000	6,057	57
Other taxes	100	100	-	(100)
Total taxes	<u>431,833</u>	<u>431,833</u>	<u>492,822</u>	<u>60,989</u>
Licenses & permits:				
Business licenses & permits	3,500	3,500	4,521	1,021
Non-business licenses & permits	<u>77,700</u>	<u>77,700</u>	<u>139,567</u>	<u>61,867</u>
Total licenses & permits	<u>81,200</u>	<u>81,200</u>	<u>144,088</u>	<u>62,888</u>
Intergovernmental revenues:				
Class "C" roads	135,000	135,000	103,209	(31,791)
State liquor allotment	1,050	1,050	1,213	163
Other grants	<u>61,809</u>	<u>51,559</u>	<u>8,776</u>	<u>(42,783)</u>
Total intergovernmental revenues	<u>197,859</u>	<u>187,609</u>	<u>113,198</u>	<u>(74,411)</u>
Charges for services:				
Sanitation	168,000	168,000	184,358	16,358
Impact fees	70,000	70,000	83,324	13,324
Planning and zoning	7,500	38,650	40,253	1,603
Parks & public property	5,700	37,240	38,298	1,058
Communication center	<u>23,000</u>	<u>23,000</u>	<u>22,411</u>	<u>(589)</u>
Total charges for services	<u>274,200</u>	<u>336,890</u>	<u>368,644</u>	<u>31,754</u>
Fines & forfeitures:				
Court fines	<u>82,675</u>	<u>82,675</u>	<u>71,215</u>	<u>(11,460)</u>
Miscellaneous:				
Interest	15,000	15,000	11,632	(3,368)
Bonus density	30,000	30,000	69,300	39,300
Other	<u>1,500</u>	<u>1,500</u>	<u>4,020</u>	<u>2,520</u>
Total Miscellaneous	<u>46,500</u>	<u>46,500</u>	<u>84,952</u>	<u>38,452</u>
Total Revenues	<u>\$1,114,267</u>	<u>\$ 1,166,707</u>	<u>\$ 1,274,919</u>	<u>\$ 108,212</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF HYDE PARK**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**(CONTINUED)**  
**YEAR ENDED JUNE 30, 2005**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
<b>EXPENDITURES</b>				
General government:				
Mayor and council	\$ 8,400	\$ 8,400	\$ 8,397	\$ 3
Administration	173,150	168,650	161,737	6,913
Court	70,180	58,180	47,988	10,192
Building & grounds	45,820	45,820	57,190	(11,370)
Planning and zoning	79,450	78,950	103,376	(24,426)
Capital outlay	15,000	20,000	-	20,000
Total general government	392,000	380,000	378,688	1,312
Public Safety:				
Police	161,400	169,900	171,080	(1,180)
Fire	38,000	38,020	36,060	1,960
Animal Control	11,400	11,400	11,433	(33)
Total Public Safety	210,800	219,320	218,573	747
Highways & public improvements:				
Streets	107,250	117,150	124,534	(7,384)
Capital outlay	281,000	281,000	46,488	234,512
Sanitation	167,000	167,000	183,002	(16,002)
Total highways & improvements	555,250	565,150	354,024	211,126
Parks, Recreation & Public Property:				
Parks and open spaces	14,820	15,320	11,133	4,187
Recreation & cultural arts	5,500	8,809	5,422	3,387
Capital outlay	60,000	53,682	56,462	(2,780)
Total parks, recreation & public property	80,320	77,811	73,017	4,794
Intergovernmental expenses	19,200	21,200	22,569	(1,369)
<b>TOTAL EXPENDITURES &amp; OTHER USES</b>	<b>1,257,570</b>	<b>1,263,481</b>	<b>1,046,871</b>	<b>216,610</b>
Net change in fund balance	-	(96,774)	228,048	324,822
Transfers	-	(82,000)	(82,000)	-
Net change in fund balance after transfers	(143,303)	(178,774)	146,048	324,822
Fund Balance at beginning of year	431,441	431,441	431,441	-
Fund Balance at end of year	\$ 288,138	\$ 252,667	\$ 577,489	\$ 324,822

The notes to the financial statements are an integral part of this statement.

**CITY OF HYDE PARK  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005  
With Comparative Totals for June 30, 2004**

	<u>WATER UTILITIES</u>	<u>WASTEWATER COLLECTION</u>	<u>MUNI-BLDG AUTHORITY</u>	<u>MEMORANDUM TOTALS 2005</u>	<u>MEMORANDUM TOTALS 2004</u>
<b>ASSETS</b>					
Current assets:					
Cash	\$ 1,226,596	\$ 38,491	\$ -	\$ 1,265,087	\$ 1,285,893
Accounts receivable	34,295	31,872	-	66,167	60,849
Other assets	150	-	-	150	150
Bond discounts	15,451	-	23,719	39,170	42,731
Restricted cash	603,984	416,299	133,832	1,154,115	1,008,189
Total current assets	<u>1,880,476</u>	<u>486,662</u>	<u>157,551</u>	<u>2,524,689</u>	<u>2,397,812</u>
Capital assets					
Land	18,000	21,010	-	39,010	4,010
Buildings	4,200	-	656,294	660,494	660,494
Improvements other than building	3,324,991	3,025,131	-	6,350,122	6,350,122
Equipment	71,843	80,620	-	152,463	148,463
Less accumulated depreciation	<u>(1,069,814)</u>	<u>(743,432)</u>	<u>(202,357)</u>	<u>(2,015,603)</u>	<u>(1,839,513)</u>
Total capital assets	<u>2,349,220</u>	<u>2,383,329</u>	<u>453,937</u>	<u>5,186,486</u>	<u>5,323,576</u>
<b>TOTAL ASSETS</b>	<u><b>4,229,696</b></u>	<u><b>2,869,991</b></u>	<u><b>611,488</b></u>	<u><b>7,711,175</b></u>	<u><b>7,721,388</b></u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	8,832	19,684	-	28,516	23,040
Accrued liabilities	3,358	3,358	-	6,716	6,770
Interest payable	<u>4,609</u>	<u>-</u>	<u>7,436</u>	<u>12,045</u>	<u>12,337</u>
Total current liabilities	<u>16,799</u>	<u>23,042</u>	<u>7,436</u>	<u>47,277</u>	<u>42,147</u>
Long-term liabilities:					
Bonds payable - due within a year	50,000	112,000	39,000	201,000	196,000
Due in more than one year	<u>1,793,500</u>	<u>677,000</u>	<u>459,000</u>	<u>2,929,500</u>	<u>3,130,500</u>
Total long-term liabilities	<u>1,843,500</u>	<u>789,000</u>	<u>498,000</u>	<u>3,130,500</u>	<u>3,326,500</u>
Total liabilities	<u>1,860,299</u>	<u>812,042</u>	<u>505,436</u>	<u>3,177,777</u>	<u>3,368,647</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	505,720	1,594,329	(44,063)	2,055,986	1,997,076
Restricted	603,984	416,299	150,115	1,170,398	1,026,552
Unrestricted	<u>1,259,693</u>	<u>47,321</u>	<u>-</u>	<u>1,307,014</u>	<u>1,329,113</u>
Total net assets	<u><b>\$ 2,369,397</b></u>	<u><b>\$ 2,057,949</b></u>	<u><b>\$ 106,052</b></u>	<u><b>\$ 4,533,398</b></u>	<u><b>\$ 4,352,741</b></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF HYDE PARK  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS**

**For the Year Ended June 30, 2005  
With Comparative Totals for the Year Ended June 30, 2004**

	WATER UTILITIES	WASTEWATER COLLECTION	MUNI-BLDG AUTHORITY	MEMORANDUM TOTALS 2005	MEMORANDUM TOTALS 2004
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 408,967	\$ 325,443	\$ -	\$ 734,410	\$ 764,106
Other operating revenues	2,859	-	-	2,859	3,401
<b>Total operating revenues</b>	<b>411,826</b>	<b>325,443</b>	<b>-</b>	<b>737,269</b>	<b>767,507</b>
<b>OPERATING EXPENSES:</b>					
Salary and wages	40,594	41,799	-	82,393	84,642
Utilities	3,247	708	-	3,955	4,052
Services	150,741	124,433	-	275,174	165,725
Supplies	11,309	7,563	-	18,872	35,057
Depreciation	86,011	68,202	21,877	176,090	177,049
Miscellaneous	1,310	-	4,752	6,062	27,487
<b>Total operating expenses</b>	<b>293,212</b>	<b>242,705</b>	<b>26,629</b>	<b>562,546</b>	<b>494,012</b>
<b>Operating income (loss)</b>	<b>118,614</b>	<b>82,738</b>	<b>(26,629)</b>	<b>174,723</b>	<b>273,495</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest income	38,894	9,962	2,820	51,676	29,406
Rent	-	-	73,260	73,260	73,260
Interest charges	(56,625)	-	(18,377)	(75,002)	(77,768)
<b>Total non-operating revenue (expense)</b>	<b>(17,731)</b>	<b>9,962</b>	<b>57,703</b>	<b>49,934</b>	<b>24,898</b>
Transfers	(22,000)	(22,000)	-	(44,000)	-
Change in net assets	78,883	70,700	31,074	180,657	298,393
<b>Total net assets - beginning</b>	<b>2,290,514</b>	<b>1,987,249</b>	<b>74,978</b>	<b>4,352,741</b>	<b>4,054,348</b>
<b>Total net assets -ending</b>	<b>\$ 2,369,397</b>	<b>\$ 2,057,949</b>	<b>\$ 106,052</b>	<b>\$ 4,533,398</b>	<b>\$ 4,352,741</b>

The notes to the financial statements are an integral part of this statement.



**CITY OF HYDE PARK  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2005**

With Comparative Totals for the Year Ended June 30, 2004

	WATER UTILITIES	WASTEWATER COLLECTION	MUNI-BLDG AUTHORITY	MEMORANDUM TOTALS 2005	MEMORANDUM TOTALS 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ 408,709	\$ 323,272	\$ -	\$ 731,981	\$ 766,082
Payments to suppliers	(157,718)	(135,012)	(2,672)	(295,402)	(250,060)
Payments to employees	(40,594)	(41,799)		(82,393)	(84,642)
<b>Net cash provided (used) by operating activities</b>	<b>210,397</b>	<b>146,461</b>	<b>(2,672)</b>	<b>354,186</b>	<b>431,380</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Rents received	-	-	73,260	73,260	73,260
Transfers	(22,000)	(22,000)	-	(44,000)	-
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b>(22,000)</b>	<b>(22,000)</b>	<b>-</b>	<b>(44,000)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchases of capital assets	(19,500)	(19,500)	-	(39,000)	(78,658)
Principal paid on capital debt	(44,000)	(112,000)	(40,000)	(196,000)	(186,000)
Interest paid on capital debt	(56,625)	-	(18,377)	(75,002)	(77,768)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(120,125)</b>	<b>(131,500)</b>	<b>(58,377)</b>	<b>(310,002)</b>	<b>(342,426)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	38,894	9,962	2,820	51,676	29,406
<b>Net increase in cash and cash equivalents</b>	<b>107,166</b>	<b>2,923</b>	<b>15,031</b>	<b>125,120</b>	<b>191,620</b>
<b>Cash and equivalents at beginning of year</b>	<b>1,723,414</b>	<b>451,867</b>	<b>118,801</b>	<b>2,294,082</b>	<b>2,102,462</b>
<b>Cash and equivalents at end of year</b>	<b>\$ 1,830,580</b>	<b>\$ 454,790</b>	<b>\$ 133,832</b>	<b>\$ 2,419,202</b>	<b>\$ 2,294,082</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 118,614	\$ 82,738	\$ (26,629)	\$ 174,723	\$ 273,495
<b>Adjustments to reconcile net income from operations to net cash provided by operating activities:</b>					
Depreciation	86,011	68,202	21,877	176,090	177,049
<b>Changes in assets &amp; liabilities:</b>					
Decrease (increase) in receivables	(3,117)	(2,201)	-	(5,318)	1,976
Decrease (increase) in other assets	1,189	-	2,372	3,561	(9,796)
Increase (decrease) in accruals	7,700	(2,278)	(292)	5,130	(11,344)
<b>Total adjustments</b>	<b>91,783</b>	<b>63,723</b>	<b>23,957</b>	<b>179,463</b>	<b>157,885</b>
<b>Net cash provided (used) by operating activities:</b>	<b>\$ 210,397</b>	<b>\$ 146,461</b>	<b>\$ (2,672)</b>	<b>\$ 354,186</b>	<b>\$ 431,380</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF HYDE PARK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 1: Summary of significant accounting policies**

**Reporting entity**

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparations of the accompanying financial statements.

The City operates under a Council-Mayor form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issued bonded debt without approval from the City.) The Municipal Building Authority is a component unit and is accounted for as a business type activity.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are

restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City applies expenses for restricted resources first when both restricted and unrestricted net assets are available.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The Water Utility accounts for the activities of the City's water production, treatment, and distribution operations.

The Wastewater Collection fund accounts for the operation and maintenance of the City-owned collection system for wastewater.

The Municipal Building Authority fund accounts for the lease-purchase bonds issued for construction of various projects throughout the City that will be owned by the Authority and leased to another fund which will lease payments equal to the debt service on the related bonds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### Fixed assets and long-term liabilities

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$2,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Prior to the audit for the year ended June 30, 1982, a list of general fixed assets was not kept. At the time of that audit, an inventory of general fixed assets was taken and entered on the books. When actual costs were not available, the assets were recorded at estimated cost.

Depreciation of all exhaustible fixed assets used is charged as an expense against their operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Water and sewer system improvements	40-50 years
Buildings	20-30 years
Machinery and equipment	5-10 years
Roads and infrastructure	15 years
Improvements other than buildings	20 years

### Property Tax

Cache County assesses all taxable property other than centrally-assessed property, which is assessed through the state, by May 22 of each year. The City should adopt a final tax rate prior to June 22, which is then submitted to the state for approval. Property taxes are due on November 30. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 16 of the following year, delinquent taxes and penalty bear interest at 6% above the federal discount rate from January 1 until paid.

Property taxes attach as an enforceable lien on property as they become delinquent. All unpaid taxes levied during the year become delinquent December 1 of the current year.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within sixty days after year end.

### Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the City in its governmental funds, therefore all annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds.

The City can make adjustments to the adopted budget through public hearings. During the fiscal year, the City made several budget adjustments through a public hearing, the effects of which were not material.

### Capitalized Interest

The City capitalizes interest costs and interest earned as part of the cost of constructing various buildings, water and sewer projects when material. Interest is only capitalized in proprietary activities.

### Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the business-type activities considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

### Bond Issue Costs

Bond issuance costs are deferred and amortized over the life of the bonds using the straight line method. Issuance costs are reported as deferred charges.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements

and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### Memorandum Totals

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### Reconciliation of government-wide and fund financial statements

##### A. Explanation of certain differences between the governments fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

##### Capital related items:

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$3,415,900
Accumulated depreciation	<u>(2,209,471)</u>
Total difference	<u>\$1,206,429</u>

##### B. Explanation of differences between governmental fund operating statements and the statement of net activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$192,956
Depreciation expense	<u>(194,860)</u>
Net difference as reported	<u>\$ (1,904)</u>

## **Note 2: Legal Compliance - Budgets/Statutory**

On or before the first scheduled council meeting in May, all agencies of the City submit requests for appropriation to the City's financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the City council for review at the first scheduled meeting in May. The City council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the City financial officer or the revenue estimates must be changed by an affirmative vote of a majority of the City council. Within 30 days of adoption, the final budget must be submitted to the State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22 and adoption of budgets is done similarly.

State statute requires that City officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

## **Note 3: Cash**

The City meets the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 541, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements and adhering to the rules of the Utah Money Management Council.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. All cash and investment accounts are insured, registered, or securities held by the City or its agent in the City's name.

The City checking account is deposited into a financial institution insured by the FDIC. Of financial institution balances at June 30, 2005, \$100,000 was covered by the FDIC and \$49,940 was not insured. Balances at June 30, 2005, are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Fund</u>
Cash:			
Zion's Bank-checking	\$147,209	\$149,940	Pool

Investments consist of deposits in the State Treasurer's Pool, and monies held by Zion's Bank as trustee for water and sewer system bond issuances.

<u>Description</u>	<u>Amount</u>	<u>Rate</u>	<u>Fund</u>
Investments:			
State treasurer's pool - savings	447,070	Various	Pool
State treasurer's pool - savings	1,414,857	Various	Pool
State treasurer's pool - savings	410,191	Various	Pool
State treasurer's pool - savings	306,088	Various	Pool
State treasurer's pool - savings	268,968	Various	Pool
State treasurer's pool - savings	5,391	Various	Pool
Zions Bank - trustee	272	Various	Municipal Building Authority
Zions Bank - trustee	54,305	Various	Municipal Building Authority

The interest rate paid on state treasurer pool investments during the 2004-2005 fiscal year varied from 1.7032% to 3.1816%. The "pool" is a convenient deposit-type investment administered by the State Treasurer's office and offers daily liquidity. Pool deposits are invested mainly in short term investment securities including time certificates of deposit and treasury bills, all of which are in compliance with the Money Management Act.

Zions Bank acts as trustee for the municipal building authority debt repayment requirements. The investment accounts earn interest based on the United States Treasury Fund rate as invested through Zions Bank. All escrows are in compliance with the Money Management Act.

#### **Note 4: Accounts receivable**

Hyde Park City has accounts receivable as of June 30, 2005 for general, water, and sewer funds as follows:

##### General fund:

Garbage	\$ 22,217
Court	14,531
Communication center	<u>2,537</u>

Total general fund	\$ 39,285
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##### Enterprise funds:

##### Water:

Utility payments	<u>34,295</u>
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Total water fund	\$ 34,295
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##### Sewer:

Utility payments	<u>31,872</u>
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Total sewer fund	<u>31,872</u>
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Total enterprise funds	<u>66,167</u>
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Total accounts receivable	<u>\$ 105,452</u>
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**Note 5: Taxes receivable**

Hyde Park City has taxes receivable as of June 30, 2005, as follows:

Class "C" roads receivable	\$ 21,382
Property tax receivable	<u>146,686</u>
Total	<u>\$ 168,068</u>

**Note 6: Restricted cash**

The total restricted cash on the balance sheet are comprised of the following cash, cash equivalents and investments:

General fund:		
Restricted sidewalk	\$ 11,259	
Impact fees	313,714	
Bonus density-parks	<u>128,940</u>	
Total general fund		\$ 453,913
Capital project funds:		
City building	1,481	
Parks	<u>35,442</u>	
Total capital project funds		36,923
Proprietary funds:		
Water fund:		
Revenue bond sinking/reserve	210,000	
Impact fees	393,984	
Sewer fund:		
Restricted bond sinking/reserve	92,500	
Impact fees	323,799	
Municipal building authority		
Restricted debt service reserve	<u>133,832</u>	
Total proprietary funds		<u>1,154,115</u>
Total restricted cash		<u>\$ 1,644,951</u>

**Note 7: Accounts payable**

Accounts payable consist of amounts incurred and due at June 30, 2005, which have not been paid as follows:

**General fund:**

Accounts payable	\$ 51,671
Payroll taxes	4,472
Wages	11,200
Deposits payable	20,747
Deferred revenue	<u>140,000</u>

Total general fund \$ 228,090

**Enterprise funds:****Water fund:**

Accounts payable	\$ 8,832
Payroll taxes	958
Wages	2,400
Accrued interest	<u>4,609</u>

Total water fund 16,799

**Sewer fund:**

Accounts payable	19,684
Payroll taxes	958
Wages	<u>2,400</u>

Total sewer fund 23,042

Total enterprise funds 39,841

**Municipal building authority:**

Accrued Interest	<u>7,436</u>
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Total municipal building authority 7,436

Total accounts payable \$ 275,367

**Note 8: Reserved fund equity**

The amounts reported on the combined balance sheet identified as reserved fund balance and reserved retained earnings and designated fund balance are comprised of the following:

**Note 8: Reserved fund equity**

The amounts reported on the combined balance sheet identified as reserved fund balance and reserved retained earnings and designated fund balance are comprised of the following:

## General fund:

Reserved roads	\$ 21,382
Reserved bonus density	128,940
Reserved impact fees	<u>313,714</u>

Total general fund	\$ 464,036
--------------------	------------

## Capital project funds:

Reserved city building	1,481
Reserved park improvements	<u>35,442</u>

Total capital project funds	36,923
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## Enterprise funds:

## Water fund (retained earnings):

Reserved sinking/reserve	210,000
Reserved impact fees	393,984

## Sewer fund (retained earnings):

Reserved sinking/reserve	92,500
Reserved impact fees	323,799

Municipal building authority	<u>150,115</u>
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Total enterprise funds	<u>1,170,398</u>
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Total reserved fund equity	<u>\$ 1,671,357</u>
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**Note 9: General fixed assets**

General fixed asset changes occurring for the year ended June 30, 2005 are as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Land:				
City office site	\$ 4,575	\$	\$	\$ 4,575
Lee's park	51,300			51,300
Other	11,900	17,500		29,400
Roads	<u>221,043</u>			<u>221,043</u>
Total	<u>288,818</u>	<u>17,500</u>		<u>306,318</u>

Buildings:				
Equipment shed	10,800			10,800
Lee's park pavilion	106,085			106,085
Maintenance building	<u>108,573</u>	<u>65,743</u>		<u>174,316</u>
Total	<u>225,458</u>	<u>65,743</u>		<u>291,201</u>
Infrastructure	<u>2,279,134</u>	<u>26,988</u>		<u>2,306,122</u>
Improvements other than Buildings:				
Park improvements	232,366	80,725		313,091
Lee's park backstop/fences/other	<u>23,728</u>			<u>23,728</u>
Total	<u>256,094</u>	<u>80,725</u>		<u>336,819</u>
Furniture, fixtures and equipment:				
General government	53,562			53,562
Public safety	11,351			11,351
Streets	94,533	2,000		96,533
Parks	<u>13,994</u>			<u>13,994</u>
Total	<u>173,440</u>	<u>2,000</u>		<u>175,440</u>
TOTAL ASSETS	3,222,944	192,956		3,415,900
Accumulated Depreciation	<u>(2,014,611)</u>	<u>(194,860)</u>		<u>(2,209,471)</u>
Net Assets	<u>\$ 1,208,333</u>	<u>\$ (1,904)</u>	<u>\$</u>	<u>\$1,206,429</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 5,640
Streets	165,368
Parks and Recreation	<u>23,852</u>
Total Depreciation Expense	<u>\$ 194,860</u>

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<u>Water fund:</u>				
Fixed Assets	\$ 3,399,534	\$ 19,500	\$	\$ 3,419,034
Accumulated Depreciation	983,803	86,011		1,069,814

Sewer fund:

Fixed Assets	3,107,261	19,500	3,126,761
Accumulated Depreciation	675,230	68,202	743,432

Municipal building authority:

Fixed Assets	656,294		656,294
Accumulated Depreciation	180,480	21,877	202,357

**Note 10: Capital project funds**

The City has established two capital project funds to account for monies set aside for the improvements of a city building and parks improvements.

**Note 11: Changes in long-term debt**

The following is a summary of long-term debt transactions of the City's proprietary fund types for the year ended June 30, 2005:

Bonds payable at July 1, 2004	\$ 3,326,500
Less: regular payment of principal	<u>(196,000)</u>
Bonds payable at June 30, 2005	<u>\$ 3,130,500</u>

Bonds payable at June 30, 2005 are comprised of the following individual issues:

**Water Fund:**

\$2,023,500 water revenue bonds due to the Zion's Bank in annual installments which includes interest at 3.00%. Payments of principal and interest are made annually on June 1 with principal ranging from \$1,000 to \$206,500 retired each year. Payments of principal commence on June 1, 1998 and interest only payments are made annually until that date. Principal and interest will be completely retired on June 1, 2019.

\$1,843,500

Total water fund

1,843,500

**Sewer Fund:**

\$800,000 general obligation sewer bond due in annual payments beginning in 1994. Payments are due by September 1 with 0% interest and will be completely repaid by September 1, 2011. Principal amounts will vary from \$44,000 to \$45,000.

315,000

\$1,211,000 general obligation sewer bond due to the State Department of Environment Quality in annual payments with 0% interest. Payments will commence in 1994 with principal ranging from \$67,000 to \$68,000 retired on September 1 each year. The principal will be completely retired on September 1, 2011.

474,000

Total sewer fund

789,000

Municipal Building Authority:  
 \$538,000 lease revenue bonds, series 2003, due to Zion's Bank in  
 annual installments including interest ranging from 1.95% to 4.9%.  
 Payments of interest are made semi-annually on March 1 and  
 September 1 with principal ranging from \$38,000 to \$53,000 retired on  
 September 1 each year. Principal and interest will be completely retired  
 on September 1, 2015.

498,000

Total bonds payable

\$3,130,500

The following is a summary of debt service requirements to maturity:

<u>Year Ending</u> <u>June 30</u>	<u>Bonds/notes</u> <u>Outstanding</u>
2006	\$ 275,658
2007	278,131
2008	287,229
2009	289,949
2010	328,288
2011 - 2015	1,418,857
2016 - 2019	<u>882,988</u>
Total	3,761,100
Less Interest	<u>(630,600)</u>
Outstanding Principal	<u>\$ 3,130,500</u>

**Note 12: Insurance and bond coverage**

At June 30, 2005, Hyde Park City has insurance and bond coverage as follows:

<u>Description</u>	<u>Issuer</u>	<u>Limits</u>	<u>Expiration</u> <u>Date</u>
<b>Insurance:</b>			
Comprehensive general liab. (\$500 deductible) 11860-GL235-2004	Utah Local Gov. Trust	\$2,000,000	Continuous
Automotive liability (\$500 deductible) 11860-GL235-2004	Utah Local Gov. Trust	\$2,000,000	Continuous
Vehicle (\$500 deductible) BA900004	Unigard	\$ 94,997	7-01-05

Buildings	Unigard	\$ 1,064,400	7-01-05
Contents/equipment		149,620	7-01-05
PX809764			
<b>Bonds:</b>			
Public officials position bond	Allied/Nationwide		
Recorder BD 7900643340		100,000	8-01-05
Treasurer BD 790064339		100,000	8-01-05

**Note 13: Utility users and rates**

The Hyde Park City water and sewer utility funds service both residential and commercial users. As of June 30, 2005 water and sewer users were categorized as follows:

	<u>Water</u>	<u>Sewer</u>
Residential	863	837
Commercial	<u>45</u>	<u>45</u>
Total	<u>908</u>	<u>882</u>

	<u>City</u>	<u>County</u>
Water rates:		
Standard monthly services	\$26.00	\$39.00 first 10,000 gallons
Excess over 10,000-50,000 gallons	\$ .50	\$ .75 per 1,000 gallons
Excess over 50,000 gallons	\$ 1.00	\$ 1.50 per 1,000 gallons
Commercial	Determined by volume and size of pipe	

Sewer rates:		
Residential	\$25.00	N/A
Commercial	Determined by volume and type of service	

Garbage rates:		
Std. residential service 60 gallon	\$ 7.50 per unit	\$ 7.50 per unit
Std. residential service 90 gallon	\$ 12.50 per unit	\$ 12.50 per unit
Standard commercial	*	*

\* Determined by service area according to volume and number of pickups.

Senior citizen discounts are available on water rates reducing the standard monthly services rate by 10%.

**Note 14: Defined benefit pension plan**

**Plan Description.** Hyde Park City (the City) contributes to the Local Governmental Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living allowances, established and amended by the state legislature, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy.** Plan members in the Local Governmental Noncontributory Retirement System are required to contribute 11.09% of their annual covered salary. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City contributions to the Noncontributory Retirement System for June 30, 2005, 2004 and 2003 were \$22,393, \$18,982, and \$15,738, respectively. The contributions were equal to the required contributions for each year.

**Note 15: Defined contribution plan (or 401 (k) plan)**

Hyde Park City provides supplemental pension benefits for all of its full-time employees through a defined contribution Section 401 (k) plan. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Employee contributions are optional within prescribed limits. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested upon deposit into the plan.

The employees made no optional contributions during 2005.

**Note 16: Working Capital**

Net working capital for the water and sewer funds is calculated as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>
Current Assets:		
Cash	\$ 1,830,580	\$ 454,790
Receivables	34,295	31,872
Less Current Liabilities:		
Accounts payable	16,799	23,042
Current portion of long-term debt	<u>50,000</u>	<u>112,000</u>
Net Working Capital	<u>\$ 1,798,076</u>	<u>\$ 351,620</u>



**SUPPLEMENTAL SECTION**

**CITY OF HYDE PARK  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2005  
With Comparative Totals for June 30, 2004**

	Capital Project City Park	Capital Project City Building	Memorandum Total 2005	Memorandum Total 2004
<b>ASSETS</b>				
Cash - restricted	\$ 35,442	\$ 1,481	\$ 36,923	\$ 520
Total assets	<u>\$ 35,442</u>	<u>\$ 1,481</u>	<u>\$ 36,923</u>	<u>\$ 520</u>
Fund Balance:				
Reserved	\$ 35,442	\$ 1,481	\$ 36,923	\$ 520
Total fund balance	35,442	1,481	36,923	520
Total liabilities and fund balance	<u>\$ 35,442</u>	<u>\$ 1,481</u>	<u>\$ 36,923</u>	<u>\$ 520</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF HYDE PARK**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2005**  
**With Comparative Totals for the Year Ended June 30, 2004**

	Capital Project City Park	Capital Project General	Memorandum Total 2005	Memorandum Total 2004
<b>Revenues:</b>				
Investment income	\$ 309	\$ 100	\$ 409	\$ 817
Total revenues	309	100	409	817
<b>Expenditures:</b>				
Maintenance building	24,867	65,139	90,006	104,043
Total expenditures	24,867	65,139	90,006	104,043
Excess (deficiency) of revenues over expenditures	(24,558)	(65,039)	(89,597)	(103,226)
<b>Other financing sources (uses):</b>				
Transfers in	60,000	66,000	126,000	2,000
Net change in fund balances	35,442	961	36,403	(101,226)
Fund balances, beginning of year	-	520	520	101,749
Fund balances, end of year	<u>\$ 35,442</u>	<u>\$ 1,481</u>	<u>\$ 36,923</u>	<u>\$ 520</u>

The notes to the financial statements are an integral part of this statement.



Peterson  
Allred  
Jackson

▪ Certified Public Accountants  
Business Consultants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
City of Hyde Park  
Hyde Park, Utah

We have audited the financial statements of the City of Hyde Park, Utah (the City) as of and for the year ended June 30, 2005, and have issued our report thereon dated August 16, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being

audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the City Council and management, and certain legislative bodies. However, this report is a matter of public record and its distribution is not limited.

*Peterson Alfred Jackson*

August 16, 2005



Peterson  
Allred  
Jackson

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Business Consultants

## INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Honorable Mayor and City Council  
City of Hyde Park  
Hyde Park, Utah

We have audited the financial statements of the City of Hyde Park, Utah (the City), as of and for the year ended June 30, 2005, and have issued our report thereon dated August 16, 2005. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special test and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

The City did not receive any nonmajor State grants during the year ended June 30, 2005.

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Compliance Audit Guide, including:

Public Debt	Justice Courts
Cash Management	B & C Road Funds
Purchasing Requirements	Liquor Law Enforcement
Budgetary Compliance	Other General Issues
Truth in Taxation and	Impact fees
Property Tax Limitations	

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

?

We conducted our audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City of Hyde Park, Utah, complied, in all material respects, with the general compliance requirements identified above, and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

*Peterson Aured Jackson*

August 16, 2005



Peterson  
Allred  
Jackson

▪ Certified Public Accountants  
Business Consultants

August 16, 2005

Mayor David N. Kooyman  
City of Hyde Park  
Hyde Park, Utah

Dear Mayor Kooyman:

In planning and performing our audit of the financial statements of Hyde Park, Utah (the City), for the year ended June 30, 2005, we developed the following recommendations concerning certain matters related to compliance, internal control structure (other than "reportable conditions"), and certain administrative and operating matters. These recommendations resulted from our observations made in connection with our audit of the City's financial statements for the year ended June 30, 2005, and are not based on a special study. Our comments and principal recommendations are summarized below.

**State Compliance Issues:**

**PRIOR YEAR**

No findings were noted in the prior year.

**CURRENT YEAR**

**Finding:** *Budgetary compliance.* During our review of the budget to actual for the departments of the City, we became aware that one department's actual expenditures have exceeded the appropriations.

**Recommendation:** We recommend that the City monitor expenditures closely and provide for expenditures for goods and services received prior to the fiscal year end, but payment to be made subsequent to year end.

**Management response:** The City will monitor budgets more closely and make adjustments as needed.



Finding: Treasurer Fidelity Bond. The City did not have adequate treasurer fidelity bond coverage as of June 30, 2005.

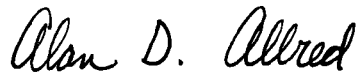
Recommendation: We recommend that the City increase the fidelity coverage to the amount required by the State of Utah.

Management response: The City will increase the fidelity bond insurance to meet the requirements.

In conclusion, we wish to recognize Marsha Hymas, Diane Jensen and Susan Balls for their excellent service provided to Hyde Park City. The entire staff and elected officials have been most cooperative in assisting us in the performance of the audit for the 2004-2005 fiscal year. The performance of the Hyde Park City annual fiscal year audit has been an enjoyable experience for us and we would like to thank the City for the opportunity to serve as independent auditors.

Very truly yours,

PETERSON ALLRED JACKSON

A handwritten signature in cursive script that reads "Alan D. Allred".

Alan D. Allred, CPA